

No. 9744

IN THE

**United States Circuit Court of Appeals
For the Ninth Circuit**

PEVELY DAIRY COMPANY,
a corporation,

Appellant,

vs.

BORDEN PRINTING COMPANY,
a corporation,

Appellee.

BRIEF FOR APPELLEE

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BRIEF FOR APPELLEE

STATEMENT OF THE CASE

This is a patent infringement case wherein the plaintiff-appellant* in its original complaint charged that defendant infringed three United States Letters Patent, No. 1,829,915, No. 1,999,011, and No. 1,923,856, all issued to J. J. Wasser as applicant and patentee. The case was tried before the Honorable United States District Judge Michael J. Roche who, after a full trial of the issues upon evidence, both oral and documentary, and having counsel for both sides prepare and submit briefs, found each of the three patents as to the claims thereof in suit to be invalid for want of invention over the prior art of record. This finding of invalidity

*Hereinafter, the plaintiff-appellant will be referred to simply as "plaintiff" and the defendant-appellee as "defendant."

(All emphasis ours unless otherwise specified.)

relieved the lower court of the burden of deciding the question of infringement. The lower court held that the claims at issue of all three patents were fully anticipated separately by the patents to Guardino No. 1,300,164, Taylor No. 343,865, Goes No. 1,480,661, Gridley No. 63,629 and Spellman No. 1,309,263 (R. 72). The plaintiff effectively concedes the invalidity of Wasser Patent No. 1,923,856 by its failure to appeal from the finding of invalidity thereof (R. 91). This in itself is highly significant in dealing with the other Wasser patents, all as defendant will later demonstrate.

There are three major points which defendant will discuss in this brief; namely:

1. That Wasser Patents No. 1,829,915 and No. 1,999,011 are invalid because of anticipation by the prior art.

2. That even if the said Wasser Patents can be distinguished from the prior art to render them technically valid, the devices manufactured and sold by defendant do not infringe.

3. That plaintiff has failed to join a necessary and indispensable party to this case, the Neher-Whitehead & Company of St. Louis, exclusive licensee of plaintiff, wherefore the complaint should be dismissed.

THE PATENTS IN SUIT

The patents in suit refer to a "Milk Bottle Lamp Shade" and, in fact, cover nothing more nor less than ordinary household lamp shades that have been reduced in size and merely draped about the throat of a bottle. The devices disclosed in the two patents remaining in suit simply show arcuate strips of paper curved into the shape of a frustum

of a cone, the ends of the same being fastened together by any suitable means, for example by glue, staples, or a tongue and slit arrangement.

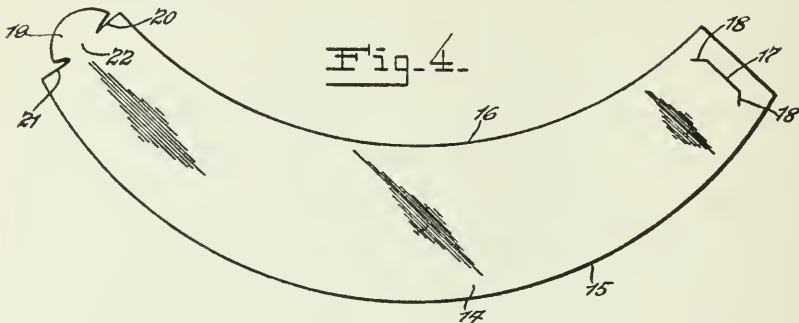
Plaintiff has endeavored to dignify this simple and long commonplace "lamp shade" or "collar" with three separate patents. Two of the patents, No. 1,829,915 and No. 1,999,011, remain at issue before this court in plaintiff's appeal here; but plaintiff is taking no appeal as to the third patent, No. 1,923,856, thus conceding the finding of invalidity thereof by the trial court. The only distinction between the two patents now before this Honorable Court and that patent last mentioned lies in the manner of fastening the two ends of the paper strip together. No issue on collar structure can be said to remain since this is common to the patents at issue and the admittedly invalid patent. The difference between the two patents is so minute as to be negligible.

It is well known that to be entitled to the grant of a monopoly by way of a patent one should give to humanity something that heretofore has not been discovered, something not within the realm of human knowledge, something that is either done in a better way or done in a new way. Invention must be more than a mere adoption of an old thing to a new use or a minute change in an old device which does not accomplish a new result or function. (Sec. 4886, U. S. R. S.)

A consideration of the patents before the court, their similarities and differences can best be illustrated by the following drawings:

WASSER, No. 1,829,915

Issued November 3, 1931 (Application filed December 18, 1930)



WASSER, No. 1,999,011

Issued April 23, 1935 (Application filed August 17, 1933)

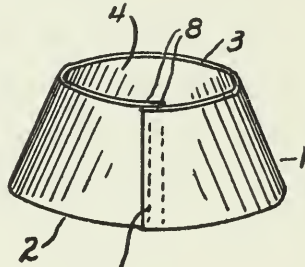


FIG. 3:

(Stitching or equivalent glue or staples.)

In patent No. 1,829,915, the shape of the tongue is made so it is a "fishtail" type, fitting into an **angular** slit (17-18) in the opposite end of the strip. The purpose of the angular slit is to permit pivotal movement of the tongue in the slit, so that the smaller end of the collar-like cone can be enlarged without straining or tearing in any way the fragile paper device (Roemer, R. 254-255).

In patent No. 1,999,011 the securing means of the two ends of the arcuate strip is permanently made by gluing, stitching, staples, or the like or, as the patentee says in his claims: "means for **immovably** connecting the overlapping ends of the piece of material."

To show that the patents are limited and overlap, we refer the court to the description by Mr. Kingsland, counsel for plaintiff, of the inventions of the three patents before the lower court where Mr. Kingsland, in his opening statement, admitted it. (R. 90-91):

“The first one is 1,829,915. * * * That one is referred to as the pivoted connection form.

“The other patent, patent No. 1,923,856, is a patent having only one claim, and it does not relate generally to the entire structure, but has to do with a particularly adapted means for holding the ends of the band together.

* * *

“No. 1,999,011, * * * has to do with the general construction, with a different means for making it applicable to the standard milk bottle.”

Thus from the plaintiff’s own admission we find that the only pretended distinction of one patent over the other is the means employed to connect the ends of the device. We have, in the present instance, a case that comes directly within the well-known rule recently re-expressed by this court in *Goodman v. Super Mold Corporation of California*, 103 F (2d) 474, 481 (9 C.C.A.);

“* * * improvement of one part of an old combination gives no right to claim that improvement in combination with other old parts which perform no new function in the combination.”

This court in *Goodman v. Super Mold*, supra, found that the two later Super Mold patents were invalid over the first because of the application of this rule. Thus, to quote further from the latter case (pages 480-481):

“It is claimed that the patentable improvement, if any, was of a single element of an old combination and

that under the decisions of the Supreme Court in *Bassick Mfg. Co. v. Hollingshead Co.*, 298 U.S. 415, 56 S. Ct. 787, 80 L. Ed. 1251; *Lincoln Engineering Co. of Illinois v. Stewart-Warner Corp.*, 303 U.S. 545, 58 S. Ct. 662, 664, 82 L. Ed. 1008, the claims of these patents in suit are invalid as an attempt to repatent the combination disclosed in patent No. 1,662,035. From what we have already said in describing the patents in suit, it is clear that the invention, if any, in patents Nos. 1,710,804 and 1,760,944 lies in the improvement of the independent means of the combination of patent No. 1,662,035 whereby the sides of the tire to be retreaded are pressed inward. These means are designed to function as part of a tire retreading mold. There is a claimed improvement in this element but the function in the combination is not novel but is the same as the corresponding element (side pressure rings) of patent No. 1,662,035. The claims in suit of patents Nos. 1,710,804 and 1,760,944 incorporate this improvement in the same combination as is disclosed in patent No. 1,662,035. Under the decisions of the Supreme Court in *Bassick Mfg. Co. v. Hollingshead Co.*, supra, and *Lincoln Engineering Co. v. Stewart-Warner Corp.*, supra, this renders the claims invalid. In *Lincoln Engineering Co. v. Stewart-Warner Corp.*, supra, Mr. Justice Roberts, speaking for the Supreme Court, stated:

“ ‘As we said of Gullborg in the Rogers Case, (Rogers v. Alemite Corporation, reported with *Bassick Manufacturing Co. v. Hollingshead Co.*, supra) having hit upon this improvement (improvement of a “coupling member” in a widely used combination for lubrication of automobile bearings) he did not patent it as such but attempted to claim it in combination with other old elements which performed no new function in his claimed combination. The patent is therefore

void as claiming more than the applicant invented. The mere aggregation of a number of old parts or elements which, in the aggregation, perform or produce no new or different function or operation than that theretofore performed or produced by them, is not patentable invention. And the improvement of one part of an old combination gives no right to claim that improvement in combination with other old parts which perform no new function in the combination.' ”

**THE PATENT LAW AUTHORIZES THE GRANT OF
ONLY ONE PATENT FOR A SINGLE
INVENTION OR DISCOVERY**

Expressing the rule of the Supreme Court and of the Ninth Circuit Court of Appeals in another way, it may be stated in elementary fashion: Only one grant of a monopoly can be made for the same invention.

It is well settled that if but one invention is made, there can be but one patent granted, and that after the grant of one patent on the subject matter, all subsequently granted patents thereon are invalid; or, as otherwise stated, if, when compared, it is plain that the earlier and the later patents rest upon a single inventive act or idea, then the later patents are void.

A leading case on the question of “double patenting” where the applications are co-pending is *Miller v. Eagle Mfg. Co.*, 151 U. S. 186, 38 L.Ed. 121. In that case the claims of the two patents in suit covered an improvement in wheeled cultivators. The Supreme Court held the second patent invalid, although it was co-pending with the earlier

issued patent in suit, because the claims of both patents covered the same invention. The court said, at page 200:

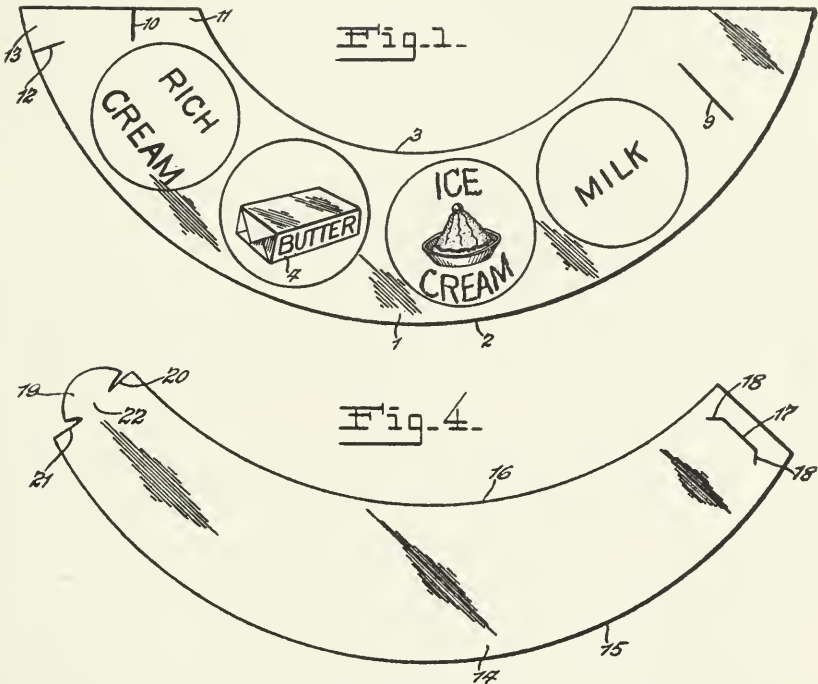
“The patent of 1879 thus embraces both the lifting and the depressing effects or operations of the spring device, while that of 1881 seeks to cover only the increased lifting effect of the same device. The first patent clearly includes the second. No substantial distinction can be drawn between the two, which have the same element in combination, and the same spring arrangement and adjustment to accomplish precisely the same lifting effect, increasing as the beams are raised from their operative positions. The matter sought to be covered by the second patent is inseparably involved in the matter embraced in the former patent, and this, under the authorities, renders the second patent void.”

The earlier Wasser patent exhausted the inventive concept, if any, but nevertheless sought to cover it again in the later Wasser patent, and, in fact, as will herein be demonstrated, the entire inventive concept of all the Wasser patents was anticipated in the patents set up as prior art in the answer. (R. 39, 40, 41).

Can the plaintiff seriously contend that if it is invention to take either the blank shown in Fig. 1 or in Fig. 5 of Wasser No. 1,829,915, and instead of using the tongue and slit arrangement there disclosed, to connect the ends of the blank, use stitching, glue, or staples as a securing means? This is an adoption of the obvious and a step backward in the art. If this stitching, glueing, or stapling of the ends of this paper blank amounts to invention, there is little limit to the number of patents which may be obtained on the same structure by mere minor modification of detail and

consequently little limit to the length of appropriation of the monopoly.

We ask this court to examine the sketches appearing below, showing Fig. 1 and Fig. 4 of patent No. 1,829,915, and we ask if it would involve invention merely to stitch, glue, or staple the two ends of the blank together?



We believe that the only tenable answer to the above question is "no." A worker, whether skilled in the art or not, would certainly possess sufficient intelligence to use such well-known means of fastening paper strips end-to-end as stitching, glueing, stapling. Therefore, it is urged that this court must hold Wasser patent No. 1,999,011 invalid over the disclosures of Wasser patent No. 1,829,915.

The quotation on page 8 above, from *Miller v. Eagle Mfg. Co.*, supra, clearly justifies a ruling that the second Wasser patent is invalid.

WASSER PATENTS INVALID BECAUSE OF ANTICIPATION

This case is unique in that the record discloses no showing whatsoever or any denial by plaintiff of defendant's fundamental charge of invalidity of the two patents in suit. The defendant introduced prior art references and had its expert point out to the lower court where every novel feature disclosed in the two Wasser patents was disclosed in the prior art. This showing on the part of defendant stands uncontroverted and unchallenged, and, as well, stands admitted by plaintiff so far as the transcript of record in this case is concerned.

The trial court found that all of the claims in suit of the Wasser patents were invalid because each was anticipated by prior patents introduced in evidence by defendant. (Finding 18, R 79).

In all, the alleged novelty of the Wasser patents is based on the fact that they purport to cover a bottle collar made of paper and fastened together by means of a tongue and slit lock, as shown in patent No. 1,829,915, or a collar fastened by glueing, stapling, or other permanent means, as shown in the second patent, No. 1,999,011. The plaintiff would like the court to believe that Wasser was the first to conceive such a structure and the first to adopt it for advertising purposes.

Directly answering the claim of new use of what we will show is an old structure, we refer the court to the Swiss patent to Huber, No. 110,722 (Exhibit R-12.) In the translation of the specification (Exhibit R-12-1) of this patent we find the following language (page 1):

“The drop catcher shown in Fig. 1, consists of a simple strip 5 of blotting paper, the two ends 6 and

7 of which are fastened together with a clasp. Such a drop catcher may be made of blotting paper, and show advertising matter, according to the contents of the bottle, or for the use in certain taverns, for instance naming the company providing the drop catcher. Such an advertisement will be effective, as it will attract special attention of the guests not being familiar with it. The clasp 8 allows some change of the end of the strips and thus a change of the form of the drop catcher.”

Huber alone actually shows everything that is supposedly new in the two Wasser patents in suit. This is particularly true when, in addition thereto, the patents to Spellman, No. 1,309,263; Guardino, No. 1,300,164; Taylor, No. 343,866; Goes, No. 1,480,661; Gridley, No. 63,629; and the British patent to Brown, No. 13,360, are considered separately or together. It is then found that there was not one bit of inventing left for Wasser to accomplish within the limits of his disclosure.

Without a doubt the District Court took all of these things into consideration when it made its finding of invalidity of each of the claims in suit of these patents.

The most that can be said for Wasser is that he made some detail changes in form and proportion without creating a new article or device or achieving any new utility. It is elementary that the mere change in form, proportion, or degree neither avoids anticipation nor amounts to invention. This doctrine was adopted long ago by the Supreme Court and has been religiously followed; we refer to the case of *Smith v. Nichols*, 88 U.S. 566, 567; 21 Wall 112, 119, where the court said:

“But a mere carrying forward or new or more

extended application of the original thought, a change only in form, proportions, or degree, the substitution of equivalents, doing substantially the same thing in the same way by substantially the same means with better results, is not such invention as will sustain a patent. These rules apply alike, whether what preceded was covered by a patent or rested only in public knowledge and use. In neither case can there be an invasion of such domain and an appropriation of anything found there. In one case everything belongs to the prior patentee, in the other, to the public at large.”

See also *Keszthelyi v. Doheny Stone Drill Co.*, 59 F. (2d) 3 (9 C.C.A.), where the above was quoted and followed.

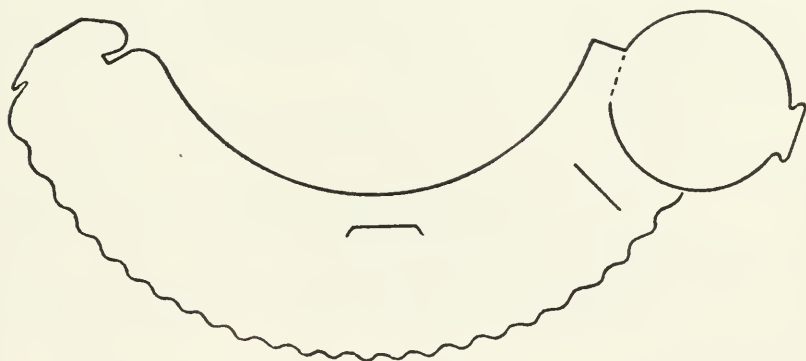
In order to explain the technical language of the Wasser patents and assist the lower court properly to interpret and evaluate the prior art, Mr. Roemer, who has had long experience in the preparation, prosecution and interpretation of patents and attendant mechanical problems, was called as a witness for the defendant. He was subjected to severe cross-examination which in no manner disturbed the full weight of his testimony as to anticipation of Wasser in the prior art and as to non-infringement by defendant's structure. Mr. Roemer's testimony stands uncontradicted and unimpeached in the record, and, we believe, will greatly aid this court in analyzing the structures of the parties and the disclosures of the art. This testimony is found at R. 245 to 310.

**GUARDINO PATENT No. 1,300,164, APRIL 8, 1919, AND
MODEL EXHIBIT GG ANTICIPATES WASSER**

Referring to the patent to Guardino, No. 1,300,164, of April 8, 1919, Mr. Roemer observed:

“A. This piece of paper is a blank cut to represent the blank illustrated in the Guardino patent, and it has a slit at one end and a connecting tongue at the other end, so when it is placed together it forms a collar-like device. The patent is directed to a container and the bottom of the container has been left in place here to illustrate its position as shown in the patent, but this little paper model cut according to the teaching of the Guardino patent shows a collar-like member, and, as a matter of fact, a collar can be formed of it under the teaching of this patent.”
(R. 273.)

The following is a tracing of the Guardino model Exhibit GG, and, we believe, shows that Guardino is adapted to be used as a bottle collar in the same manner as the Wasser devices.



**TAYLOR No. 343,866, JUNE 15, 1886, AND MODEL
EXHIBIT II ANTICIPATES WASSER**

In discussing the early patent to Taylor No. 343,866, Mr. Roemer said at R. 276:

“A. Yes. This model which I have in my hands is a bottle collar made according to the teaching of the Taylor patent for a paper box; in other words, the slot of the Taylor patent and the tongue of the Taylor patent have been formed as a bottle collar.

“Q. On the correctness of design, what have you to say?

“A. The collar, in so far as the slit and the tongue go is a copy of the Taylor patent. As to arcuate strip, it is not the same as that in the Taylor patent. This has been formed into a frustro-conical shape of a little bit different proportion than the Taylor patent.

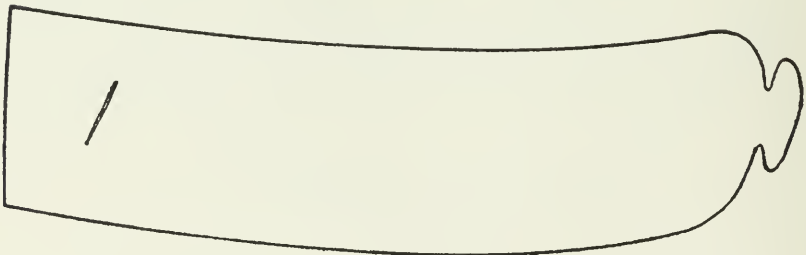
“Q. The cone has been slightly accentuated?

“A. Yes.

“Q. And the size is larger than that?

“A. Yes.

To show what type of bottle collar is formed by following the disclosure of Taylor, defendant introduced into evidence Exhibit II, which is next herein reproduced in the form of a tracing of this model.



The Taylor device has its exact prototype in defendant's "Bell-Brook Milk Company" collar, Exhibit II, concerning which Mr. Borden testified (R. 183):

"We manufacture them for the purpose of advertising for one of the dairies here who had a problem. Their problem was they had these cartons and they wanted to advertise, the Bell-Brook Milk Company, it was, they wanted to advertise Bell-Brook milk to their customers on these cartons, and I believe they had purchased a lot of cartons, and we manufactured and designed this one collar for this particular carton.

"Q. This carton you are referring to is ordinarily called a paper bottle?

"A. Yes."

**GOES PATENT No. 1,480,661, JANUARY 15, 1924, AND
MODEL, EXHIBIT JJ, ANTICIPATES WASSER**

Concerning the Goes patent and model, Mr. Roemer said (R. 277):

"That Goes patent, that also shows a slot and tongue, and this model which I hold in my hand is used as the slot and tongue of the Goes patent to show how they would serve to form a bottle collar.

"THE COURT: Put that on the bottle. What year was that?

"A. That is a patent of June 15, 1924, patent No. 1,480,681, to Goes.

* * *

"THE COURT: What similarity is there?

"A. It has the tongue and slot copied from the tongue and slot shown in the Goes patent."

A tracing of this Goes model is here set forth:



**GRIDLEY PATENT No. 63,629, APRIL 9, 1867, MODEL,
EXHIBIT KK, ANTICIPATES WASSER**

As to the Gridley patent and model, Exhibit KK, Mr. Roemer said, R. 278:

“This model is made in accordance with the teaching of the patent to Gridley, No. 63,629, of April 29, 1867. The Gridley patent shows a tongue and slot, showing the manner in which it can be applied to a collar. I might explain, your Honor, that in all these hook type tongues there is a pivotal connection, in almost any tongue and slit connection there is a certain amount of looseness, it is not intended to be a very firm type of connection, but in the hook type there is always freedom for pivotal movement.

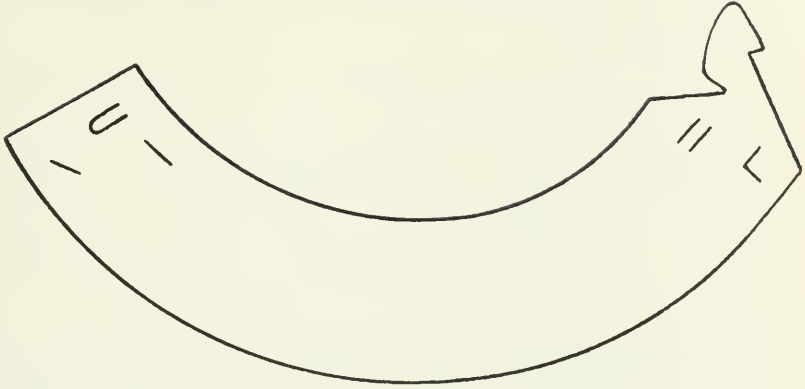
“THE COURT: What year was that?

“A. That was in 1867.

“THE COURT: What similarity is there in this one?

“A. This model shows the tongue and slot of the Guardino (Gridley) patent applied to a bottle collar.”

A tracing of this Gridley model follows :



**HUBER SWISS PATENT No. 110,722, OCTOBER 8, 1924,
ANTICIPATES WASSER**

Mr. Roemer, in discussing the disclosures of the Swiss patent to Huber, No. 110,722, had the following to say:

“I would like again to refer to the Swiss patent to Huber, No. 110,722, and read from the translation of the specification of that patent wherein it says—

* * *

“ ‘The drop catcher shown in Fig. 1, consists of a simple strip 5 of blotting paper, the two ends 6 and 7 of which are fastened together with a clasp. Such a drop catcher may be made of blotting paper, and show advertising matter, according to the contents of the bottle, or for the use in certain taverns, for instance naming the company providing the drop catcher. Such an advertisement will be effective, as it will attract special attention of the guests not being familiar with it. The clasp 8 allows some change of the end of the strips and thus a change of the form of the drop catcher. If it is placed on the bottle neck, it will drop down as far as possible. By a slight pressure at the upper or lower opening it will widen respectively and the larger part of the strip will adhere to the sur-

face of the bottle, this being of paramount importance for its effect.'

"That, being a translation from the Swiss, is not worded exactly as we would word it, but it means the same thing as we have been discussing here, that is, that these connecting ends of this structure can pivot relatively to each other to vary the shape of the cone slightly to enlarge the upper end or the lower end.

* * *

"This Exhibit V has an eyelet of the type that is used in the Swiss patent; the member 8 of the Swiss patent is apparently substantially the same as — that was, it is a little eyelet used in Exhibit V.

* * *

"Omitting that little staple, and I might say if the dial were taken off here, the circular fit, you would have something that would be in general appearance and function identical with that of the Swiss patent." (R. 281-283.)

**SPELLMAN PATENT No. 1,309,263, JULY 9, 1919, AND
MODEL EXHIBIT FF, ANTICIPATES WASSER**

Mr. Roemer testified (R. 272), regarding the Spellman patent No. 1,309,263, Exhibit R. 6:

"The article handed to me is a bottle collar and when it is folded-up position it assumes very much the shape of a lamp shade, and has very much the appearance of the article shown in the Spellman patent. That is true even as to detail. It is made of an arcuate blank similar to that of the Spellman patent, but it has a tongue and a centrally-located slit through which the tongue is inserted to hold it in its cone-like shape, and the exact shape of the device will depend upon the bottle to which it is to be applied. It might

assume the form of a lamp shade of any other proportion, depending upon the bottle it is designed to fit.”

**BROWN BRITISH PATENT No. 13,360, JULY 1, 1901,
ANTICIPATES WASSER**

In speaking of the British patent to Brown, No. 13,360, the witness testified, at R. 286:

“The British patent to Brown, 1901, is interesting in that it shows a bottle collar; as a matter of fact, shows several types of bottle collars, and particularly the one shown in Figs. 1 and 3, which is frustro-conical, so that it may be placed over the neck of a bottle in the manner rather crudely illustrated, and the cylindrical collar is shown in Fig. 7.”

ANTICIPATION OF CLAIMS OF WASSER No. 1,829,915

That the Wasser patent 1,829,915 is clearly anticipated by the prior art is evidenced for example by the very obvious manner in which claim 11 of said patent reads on the structure of the patent to Goes No. 1,480,681, of January 15, 1924, Exhibit R. 11. Analyzing this claim on the disclosure of the Goes patent we find:

“A display device comprising a flat section of pliable material having its upper and lower edges curving . . .”

Fig. 2 of the Goes patent shows his device in flat form and the upper and lower edges 2 and 1 respectively are without question “curving.”

“ . . . said flat section being adapted to be rolled into tapered form with its ends overlapping and having the upper and lower edges respectively of the overlapping portions of said ends approximately even with each other . . . ”

Fig. 1 of the Goes patent shows the flat section of Fig. 2 after it has been rolled into tapered form with its ends 4 and 5 overlapping and having their upper and lower edges approximately even with each other.

“ . . . and means integral with one end interlocking with the other end of said section and pivotally connecting said overlapping ends in said relationship . . . ”

The means or tongue 8 of Goes is integral with one end and interlocks with the other end through the medium of the slot 10 to form a pivotal connection for the ends.

“ . . . whereby the smaller end of the device may enlarge to permit said device to be passed onto a support. ”

The smaller end of the Goes device which is the upper end as viewed in Fig. 1 is capable of enlargement through the medium of the pivotal connection formed by the tongue 8 in slot 10 in order that the device may be passed on to a support or for any other reason.

This pivotal movement can be demonstrated by the model of Goes patent in evidence as Exhibit JJ.

Claim 11, together with the other claims of Wasser patent 1,829,915, relied on by plaintiff, can also be read in like manner on the patents to Guardino No. 1,300,164, Exhibit R. 5; Taylor, No. 343,866, Exhibit R. 8; Gridley, No. 63,629, Exhibit R. 1; Spellman 1,309,263, Exhibit R. 6; Brown (British), No. 13,360, Exhibit R. 16; and Huber (Swiss), No. 110,722, Exhibit R. 12.

Thus we see by an examination of the foregoing seven patents of the prior art that the disclosures of each of the Wasser patents here in suit are completely anticipated. It is difficult to see how any patents could be more completely anticipated. Even the pivotal action so strongly

stressed and claimed in the Wasser patent No. 1,829,915, is disclosed in the prior art above referred to.

If the defendant's bottle collars infringe the plaintiff's patents, so do each of the structures disclosed in Guardino, Taylor, Goes, Gridley, Spellman, Huber and Brown. Therefore, applying the old axiom, "That which infringes, if later, anticipates if earlier," we must conclude that the Wasser patents are invalid.

Killefer Mfg. Co. v. Dinuba Associates, Ltd.,
67 F. (2d) 363 (9 C.C.A.).

The principal objection of plaintiff to the prior art devices is no more than that the structures disclosed in the prior art are not the proper size to fit a milk bottle. That this argument is without merit is established by the rule stated by this court in the case of *Willamette Iron & Steel Works v. Columbia Engineering Works*, 252 F. 594, 596 where a patent on a huge pulley block for use in logging was held anticipated by a "clothesline pulley." The court said:

"The objection to the clothesline pulley, that it is a small affair, does not seem to us to be sufficient to exclude it from consideration as an anticipating device. It is the same in operation, although not intended to accomplish the same purposes; but it did not require invention to enlarge the small pulley sufficiently to make it equally useful and effective in hauling logs. That would be a question of degree, and a mere change in degree is not treated as invention in the patent law."

Also this court, in the case of *Keszthelyi v. Doheny Stone Drill Co.*, supra, page 8, announced the same rule in this language:

"In the case of *Klein v. City of Seattle*, 77 F. 200, 204, this court said:

“ ‘A mere difference or change in the mechanical construction in the size or form of the thing used, in order to obviate known defects existing in the previous devices, although such changes are highly advantageous, and far better and more efficacious and convenient, does not make the improved device patentable. In order to be patentable, it must embody some new idea or principle not before known. It must, as before stated, be a discovery, as distinguished from mere mechanical skill or knowledge.’ ”

It is conceded that the structures disclosed in some of these prior patents are not of the “milk bottle” size. However, as seen by the models of these patents in evidence as Exhibits FF, GG, II, JJ and KK, the disclosures of the respective patents to Spellman, Exhibit R. 6; Guardino, Exhibit R. 5; Taylor, Exhibit R. 8; Goes, Exhibit R. 11; and Gridley, Exhibit R. 1, show that they can be reduced to the proper size and make acceptable bottle collars. The difference is one without force or distinction and only of degree, not kind. This does not effect the value of the art as anticipation.

Greene Process Metal Co. v. Washington Iron Works, 84 F (2nd) 362 (9 C.C.A.).

Dailey v. Lipman, Wolfe & Co., 88 F (2nd) 362 (9 C.C.A.).

Oliver-Sherwood Co. v. Patterson-Ballagh Corporation, 95 F (2nd) 70 (9 C.C.A.).

These models of the prior art naturally differ in size and minor details from the drawings of the patents in suit, but nothing is disclosed in the models that is not clearly, fully and fairly taught in the prior patents themselves. Even the use to which the models might be

put is expressly recognized in the Swiss Patent to Huber No. 110,722, Exhibit R. 12; however, as to use, we must consider the well-known rule that the application of an old device to a new use does not constitute invention. As was said in the case of *Roberts v. Ryer*, 91 U.S. 150, 157; 23 L.Ed. 267:

“It is no new invention to use an old machine for a new purpose. The inventor of a machine is entitled to the benefit of all the uses to which it can be put, no matter whether he had conceived the idea of the use or not.”

See also:

Daily v. Lipman, Wolfe & Co., 88 F. (2d) 362.

In the case of *Mallon v. William C. Gregg & Co.*, 137 Fed. 68, 76, the court said:

“The application of an old device to a new use is not in itself an invention or capable of protection by a patent. A prior patentee who has plainly described and claimed his machine or combination has the right to every use to which his device can be applied, and to every way in which it can be utilized to perform its function, whether he was aware of all these uses or methods of use when he claimed and secured his monopoly, or not. *National Hollow Brake-Beam Co. v. Interchangeable Brake-Beam Co.*, 106 Fed. 693, 709, 45 C.C.A. 544, 560; *Roberts v. Ryer*, 91 U. S. 150, 157, 23 L. Ed. 267; *Miller v. Manufacturing Co.*, 151 U.S. 186, 201, 14 Sup. Ct. 310, 38 L. Ed. 121; *Goshen Sweeper Co. v. Bissell Carpet-Sweeper Co.*, 72 Fed. 67, 19 C.C.A. 13; *Frederick R. Stearns & Co. v. Russell*, 85 Fed. 218, 226, 29 C.C.A. 121, 129; *Manufacturing Co. v. Neal* (C.C.) 90 Fed. 725; *Tire Co. v. Lozier*, 90 Fed. 732, 744, 33 C.C.A. 255, 268.”

In addition to the above, we wish to point out that the witness Roemer testified directly as to anticipation of Wasser patent No. 1,999,011 on other patents not adopted by the lower court as anticipatory. We refer the court to testimony concerning the chart Ex. MM, where Mr. Roemer said, at R. 286 and 287:

“THE WITNESS: This chart, Exhibit MM, shows patents, or as pasted upon it, the drawings from patents which show certain features of the Wasser patent No. 1,999,011, and has many of the patents connecting up the similar features found in the earlier patents. The patent to Seely, for example, is a design for a label showing an arcuate form, arcuate blank such as used in the Wasser patent.

“The British patent to Brown, 1901, is interesting in that it shows a bottle collar; as a matter of fact, shows several types of bottle collars, and particularly the one shown in Figs. 1 and 3, which is frustro-conical, so that it may be placed over the neck of a bottle in the manner rather crudely illustrated, and the cylindrical collar is shown in Fig. 7.

“The Hoard and Miles patent, 47,822, shows a basket form of an arcuate blank illustrative of the shape of a piece of paper, that is to be formed into a frustro-conical article.

“Patent to Knowlton shows a tree protector almost identical in shape with some of the bottle collars that we have seen.

“The patent to Cheney, No. 716,668, also shows a basket-like holder for flower pots, which is a collar or holder adapted to encircle the flower pot. I may point out with respect to the collars about which we are speaking, of course, a flower pot happens to be tapered in the opposite direction from a milk bottle. If this form of device would be ap-

plied to a milk bottle it would be necessary first to turn it upside down and drop it over the bottle.

“The Tomlin patent, 1,158,871, shows a megaphone, the shape of which is, of course, familiar. Here the megaphone is bent up out of an arcuate blank, and is illustrative of the fact that any conical collar-like article will be bent up from an arcuate shape blank.

* * *

“This Cheney patent in Fig. 6 shows the slot and tongue connection for this collar, and shows connections of other types, of other general types shown in the Wasser patent, 1923.

“Q. Then you might say that Cheney shows both a pivotal action and a non-pivotal action?

“A. Yes.”

And on cross examination, Mr. Roemer pointed out repeatedly (R. 307, 309, 310) the anticipation of patent 1,999,011 and at (R. 309) he stated the following:

“* * * I think the Brown patent is a complete anticipation.”

As the Ninth Circuit Court of Appeals said, in *Mettler v. Peabody Engineering Corp.*, 77 Fed. (2d) 56, 57:

“These two patents contain every element of the combination of the Mettler patent, and we think the Case patent alone is a complete anticipation of the Mettler patent, if it be conceded that the annular opening from the gas reservoir into the air tube at an angle with the axis of the tube is the equivalent of a series of gas orifices injecting the gas in a series of jets instead of in a continuous sheet. Inasmuch as the appellant's contention that his patent is infringed by the appellees' device is based upon the contention that the two are equivalent, we see no escape from the proposition that the Case patent and the Leps patent anticipate the Mettler device. Appellant's

contention of invention in his device is very largely based upon the claim that the combination which he has made produces more complete combustion of the gas, and therefore more economical results, and hence, notwithstanding the fact that all the elements of his combination have been known and utilized, he is entitled to a patent upon the specific combination he has made. The rule with reference to the matter is thus stated in *Buchanan v. Wyeth Hardware*, 47 F. (2d) 704, 707 (C. C. A. 8): 'That the new combination accomplishes a better result does not alone evidence invention. "The union of the selected elements may be an improvement upon anything the art contains, but, if, in combining them, no novel idea is developed, there is no patentable invention, however great the improvement may be." *Turner v. Lauter Piano Co.* (C.C.A.) 248 F. 930, 938; *Thomson Spot Welder Co. v. Ford Motor Co.* (C.C.A.) 281 F. 680; *Western Willite Co. et al. v. Trinidad Asphalt Mfg. Co. et al.* (C.C.A.) 16 F. (2d) 446.'

"As we said in the recent case of *Eagle et al. v. P. & C. Hand Forged Tool Co.*, 74 F. (2d) 918, 920, filed January 14, 1935:

"It is not necessary that all of the elements of the claim be found in one prior patent. If they are all found in different prior patents and no new functional relationship arises from the combination, the claim cannot be sustained. *Keene v. New Idea Spreader Co.* (C.C.A.) 231 F. 701; see, also, *Keszthelyi v. Doheny Stone Drill Co.*, (C.C.A.) 59 F. (2d) 3.

"All of the elements of the patent in suit were present in the prior art, and combining these elements to make the patented device did not involve invention. Widespread use of the device combining these elements old in the art is evidence of its utility, but is not conclusive of its patentable novelty. *Adams v. Bellaire Stamping Co.*, 141 U.S. 539, 542, 12 S. Ct.

66, 35 L. Ed. 849; *McGhee v. LeSage & Co., Inc.* (C.C.A.) 32 F. (2d) 875. Appellant's patent was anticipated in the prior art and is therefore invalid.' "

A case which presented identical facts regarding anticipation to those found in the present case is that of *Toledo Pressed Steel Co. v. Standard Parts*, 307 U.S. 350, 83 L. Ed. 1334, where the Supreme Court, in reviewing the possible invention of the two patents there in suit, over the prior art, stated, at pages 1337 and 1338:

"There are other patents, issued before patentees developed the structure in suit, that may be referred to as relevant to the issue of invention in this case. Examples of these are cited in the margin.

"The torch body was old in the art to which it belonged. The cap, as part of devices used in other fields, was old and useful to prevent extinguishment of flames by wind or rain and to prevent flames to extend through holes to the open air. The problem patentees set for themselves was to prevent extinguishment while preserving usefulness of the flames as warning signals. They solved it by merely bringing together the torch and cap. As before, the torch continued to produce a luminescent, undulating flame, and the cap continued to let in air for combustion, to protect the flame from wind and rain and to allow it to emerge as a warning signal. They performed no joint function. Each served as separately it had done. The patented device results from mere aggregation of two old devices, and not from invention or discovery. *Hailes v. Van Wormer*, 20 Wall. 353, 368, 22 L. Ed. 241, 248; *Reckendorfer v. Faber*, 92 U.S. 347, 357, 23 L. Ed. 719, 723; *Lincoln Engineering Co. v. Stewart-Warner Corp.* 303 U.S. 545, 549, 550, 82 L. Ed. 1008, 1010, 1011, 58 S. Ct. 662. On the records before us, it is impossible to hold that pro-

duction of the patented device required more than mechanical skill and originality attributable to those familiar with the art of protecting flames of kerosene and other burners.

* * *

“There is nothing that tends to raise what patentees did to the realm of invention.”

In the present case, we have the prior patents to Brown (British), No. 13,360; Huber (Swiss), No. 110,722, which showed a bottle collar for advertising purposes, which, when taken with Gridley No. 63,629; Guardino, No. 1,300,164; Spellman, No. 1,309,263; Goes, No. 1,480,681, and Taylor, No. 343,866, which disclose not only structures that can be used as bottle collars, but also various types of tongue and slot paper locks, show everything found in each of the Wasser patents here in suit. The similarity of facts in the present case to those of *Toledo Pressed Steel Co. v. Standard Parts*, supra, as far as anticipation is concerned, is so noticeable as to be inescapable, it is submitted. Thus, to apply the words of the Supreme Court in the *Toledo* case to the present controversy:

“There is nothing that tends to raise what patentees did to the realm of invention.”

It is seen, therefore, that plaintiff's devices were notoriously old long before either of the two patents involved in this appeal were ever sought. Again we must look to the well-known axiom of patent law, namely, that “an old thing is not patentable to a new use.”

It is well established that an inventor is entitled to all the uses to which his device can be put, whether he had knowledge of the uses at the time of his invention or not,

and whether he intended to so use his invention or not. Thus if these early devices disclosed in the prior art are capable of being used as bottle collars, instead of the purposes of a lamp shade, holder or the like, the public is freely entitled to make such use of them, no matter what may be the particular statements of the inventors as to purpose or use of their devices.

This rule is well expressed by the Supreme Court in the case of *Blake v. San Francisco*, 113 U.S. 679, 682, where it was said:

“* * * where the public has acquired in any way the right to use a machine or device for a particular purpose, it has the right to use it for all the like purposes to which it can be applied and no one can take out a patent to cover the application of the device to a similar purpose.”

See also the case of *Paine & Williams Co. v. Trump Products Co.*, 18 Fed. Supp. 103, 105, where it was said:

“That the applicant for a patent is presumed to be aware of all prior patents, publications, and practices of the art, see *Derby v. Thompson*, 146 U.S. 476, 481, 13 S. Ct. 181, 36 L. Ed. 1051; *Daylight Glass Mfg. Co. v. American Prismatic Light Co.* (C.C.A.) 142 F. 454; *Fry v. Rockwood Pottery Co.* (C.C.) 90 F. 494.

“*Ryan v. Hard*, 145 U.S. 241, 12 S. Ct. 919, 36 L. Ed. 691, held invalid a patent for improvements in bed bottoms, all that was done being to suspend a fabric well known as a bed bottom in substantially the same manner that other fabrics used for that purpose had been suspended.

* * *

“* * * It would seem to require mere mechanical skill to substitute a flexible rubber sheet for the somewhat less flexible sheet of linoleum in the same use. In this

connection, see the language of the opinion at page 246, of 145 U. S., 12 S. Ct. 919, 920, 36 L. Ed. 691, commencing ‘Is there patentable novelty in this change?’ ”

**EVEN IF VALID, THE WASSER PATENTS
ARE NOT INFRINGED**

Turning to the question of alleged infringement, which, in the light of the want of novelty of plaintiff’s patents seems idle, it will be seen that there are several reasons why the various structures of defendant do not infringe. First, the Wasser patents, during their prosecution, were limited by the patent office to such an extent that they must be restricted to the exact device now covered by the allowed claims. These file wrapper limitations constituting “file wrapper estoppel” of the well-known sort will be fully considered herein.

Each and every limitation found in the claims of the respective patents here before us must be found in the defendant’s structures. This is impossible, and perhaps explains why, at the trial of this cause, the plaintiff offered absolutely no testimony to support the charge of infringement.

The trial of this case is novel in this respect. Not one iota of testimony was introduced by plaintiff on the subject of infringement. It is, of course, elementary in patent law, that the burden of establishing infringement rests inescapably upon the plaintiff. In that respect we call this court’s attention to the admonition of the Third Circuit Court in *Fried, Krupp v. Midvale Steel Co.*, 191 F. 588, 591:

“We deem it proper, however, to say for the guidance of patent practitioners in this circuit that it should be borne in mind that infringement is not only a question of fact, but is a tort or wrong, the burden of establishing which, as in all torts, clearly rests on those who charge such wrong. The absence of actual fact proof is not met by the presence of expert speculations no matter how voluminous.”

Also, the Ninth Circuit Court of Appeals, in *Magnavox Co. v. Hart & Reno*, 73 F. (2d) 433, 434, stated:

“In the first place, it is well established that the burden of proving infringement rests upon him who alleges it.”

All that plaintiff did was to lay the patents, and the collars and neckbands of the defendant, before the court and ask the court to assume infringement. Against this arrogant and unsupportable assumption defendant offered the positive testimony of two credible, competent witnesses, Mr. Borden and Mr. Roemer. Plaintiff offered nothing by way of refutation or rebuttal.

Plaintiff, in an effort in its brief to conjure up a case of infringement, continuously refers to a so-called, and non-existent “Exhibit 28.” “Exhibit 28,” offered **only for identification**, is no part of the record of this case on this appeal, and was not in evidence before the lower court. It was offered, the offer was objected to, and the objection was sustained.

When plaintiff’s counsel endeavored to introduce this document in evidence as an exhibit, it was objected to as “a lawyer’s conclusion” (R. 155), to which plaintiff’s counsel, Mr. Rogers, answered “That’s right.” (R. 156). After this frank admission, the Court sustained the ob-

jection (R. 156) to the offer of the proposed exhibit, and the same was lost to the plaintiff for all purposes. Now the plaintiff is endeavoring to sneak the infamous "Exhibit 28 for identification" in the back door by arguing therefrom in its brief and trying to give it the dignity of evidence. To this we strenuously object.

Rules of evidence have been developed and established through the years to govern and guide courts and attorneys in the trial of cases. The lower court in this particular instance was guided by these rules, and excluded this document from the record as an exhibit. The ruling was not appealed. How, therefore, can plaintiff ignore the court's ruling and brazenly refer to the document as an "exhibit" before this court? Evidently plaintiff, finding itself embarrassed by awakening to the fact that it has not offered in the record a single word tending to prove infringement, is thus belatedly endeavoring to correct this irreparable and, we submit, fatal omission by arguing from a document which is not even before this court in this appeal.

That a court must rely upon testimony rather than argument to prove infringement is elementary. A recent case wherein a similar situation was presented, but where the situation of the parties was reversed, is *Western Electric Co. v. General Talking Pictures Corp.*, 16 Fed. Supp. 293, 305, 306, where the court said:

"The defendant's brief seeks to avoid the testimony of Mr. Waterman, the plaintiffs' expert on this subject, by arguing that, if the circuit connection of Arnold produces a negative potential on the grid electrode, it is not important 'whether or not additional instrumentality such as batteries, etc., may be

employed to magnify or raise to a greater degree the negative potential applied thereto.' **The court must rely upon testimony rather than argument * * *.**'

Mere argument of counsel, as in the present case, unsupported by evidence, particularly when it is out of line with the true facts of record, cannot supplant substantial and uncontroverted evidence to the contrary, it is urged. In the present case there is voluminous substantial evidence demonstrating non-infringement as we will herein carefully set forth.

"Substantial evidence" has recently been defined by the Circuit Court of Appeals for the Sixth Circuit in the case of *National Labor Relations Board v. Thompson Products*, 97 F. (2d) 13, 15 as:

" 'Substantial evidence' means more than a mere scintilla. It is of substantial and relevant consequence and excludes vague, uncertain, or irrelevant matter. It implies a quality of proof which induces conviction and makes an impression on reason. It means that the one weighing the evidence takes into consideration all the facts presented to him and all reasonable inferences, deductions and conclusions to be drawn therefrom and, considering them in their entirety and relation to each other, arrives at a fixed conviction.

"The rule of substantial evidence is one of fundamental importance and is the dividing line between law and arbitrary power. Testimony is the raw material out of which we construct truth, and, unless all of it is weighed in its totality, errors will result and great injustices be wrought."

Notwithstanding the fact that plaintiff did not choose to make any showing regarding infringement, and because

the claims of the patents in suit were not so readily understandable that they could fairly go unexplained, defendant called two credible and competent witnesses to compare the defendant's structures with what plaintiff actually claimed in the patents in suit. These two witnesses conclusively established by "substantial evidence" that the patent claims could under no circumstances be construed to cover the defendant's structures, this being particularly true in consideration of the prior art.

The testimony of Mr. Borden and Mr. Roemer in this connection, which will be referred to later herein in full detail, stands absolutely unimpeached and uncontradicted in any way whatsoever.

NON-INFRINGEMENT OF WASSER PATENT

No. 1,829,915

Wasser patent No. 1,829,915 is not what can be termed a broad patent. This patent does not, as plaintiff contends, cover the broad idea of placing a paper band around a bottle and fastening the ends of the band together so that it will remain on the bottle. Rather, the device of this patent must be constructed exactly in accordance with the structure defined by the claims of this patent and must contain and satisfy every specific limitation found in said claims.

As to the construction of patent claims, we refer the court to the case of *Keystone Bridge Co. v. Phoenix Iron Co.*, 95 U.S. 274, where the court had before it a claim for a bridge truss that called for "**wide and thin bars.**" The defendant was held not to infringe because his bars, while performing the same function and in the same way,

were "round and cylindrical." In upholding non-infringement, the court, after calling attention to the fact that "the patentees clearly confine themselves to 'wide and thin' " bars, said:

"When a claim is so explicit, the courts cannot alter or enlarge it. If the patentees have not claimed the whole of their invention, and the omission has been the result of inadvertence, they should have sought to correct the error by a surrender of their patent and an application for a reissue. They cannot expect the courts to wade through the history of the art, and spell out what they might have claimed, but have not claimed. Since the act of 1836, the patent laws require that an applicant for a patent shall not only, by a specification in writing, fully explain his invention, but that 'he shall particularly specify and point out the part, improvement, or combination which he claims as his own invention or discovery'."

Then, showing the reason for and the effect of said provisions of the statute, the court continued (page 278):

"This provision was inserted in the law for the purpose of relieving the courts from the duty of ascertaining the exact invention of the patentee by inference and conjecture, derived from a laborious examination of previous inventions, and a comparison thereof with that claimed by him. This duty is now cast upon the Patent Office. There his claim is, or is supposed to be, examined, scrutinized, limited, and made to conform to what he is entitled to. If the office refuses to allow him all that he asks, he has an appeal. But the courts have no right to enlarge a patent beyond the scope of its claim as allowed by the Patent Office, or the appellate tribunal to which contested applications are referred. When the terms of a claim in a patent are clear and distinct (as they

always should be), the patentee, in a suit brought upon the patent, is bound by it.”

In *Anakin Lock Works v. Dillon Lock Works*, 292 Fed. 45, 47, it is stated:

“* * * while in case of a patent involving mere improvements, in view of the prior art, the claims are to be narrowly construed and limited to the particular mechanism described, and any device which accomplishes the same result by means of different mechanism is not an infringement (citing cases).”

Likewise, the Ninth Circuit Court of Appeals in *Wire Tie Machinery Co. v. Pacific Box Corp., et al.*, 107 Fed. (2d) 54, 55 stated:

“We quote from our decision in the case of *Henry v. City of Los Angeles*, 255 F. 769, 780 (9 Cir., 1919):

“‘If, in sustaining the conclusion of the lower court, our construction of the claims of the patent, * * * seems narrower, the position taken is, we think, in accord with the long established rule of the Supreme and other federal courts, which limit the scope of every patent to the invention **described in the claims in it**, read in the light of the specifications’.”

ALLEGED INFRINGEMENT OF PATENT No. 1,829,915

Plaintiff alleges that defendant's devices, represented by Exhibits 3, 4 and 5, infringe claims 4, 7, 8 and 11 of patent No. 1,829,915 (Plaintiff's opening brief p. 34).

Let us examine claim 4, for example, and see just what limitations are found therein. The claim, properly analyzed, contains the following elements:

“A display device for application to a bottle having a cylindrical body portion; a tapered neck portion de-

fining an enlarged mouth, and an enlarged top flange; said device comprising:

1. "an arcuate piece of pliable material adapted to be formed into a truncated conical member having
 - a) "a lower diameter approximately equal to the diameter of the body portion of the bottle and
 - b) "an upper diameter approximately equal to an intermediate diameter of the tapered neck portion of the bottle, and
2. "means for so connecting the ends of said arcuate piece as
 - a) "to hold the same in the form of the truncated conical member and
 - b) "permitting enlargement of the upper diameter of the member."

In the above analysis each portion of the claim from (1) on is a limitation; thus we see that there are six limitations contained in this claim. The three limitations 2, 2a and 2b deal directly with the fastening means and we direct the courts particular attention to limitation 2b "permitting enlargement of the upper diameter of the member." None of the defendant's structures represented by Exhibits 3, 4 and 5 will meet this claim. In other words the plaintiff was allowed a highly limited patent. An examination of the file wrapper will show that claims broader than claim 4 were cancelled from this application and that claim 4 was the broadest claim the applicant Wasser could secure. This claim had all of the above-noted limitations. Therefore if defendant's devices do not contain this element, then defendant's devices do not infringe this Wasser patent. The Plaintiff must read

the claim with all of the limitations; it cannot omit any element to spell infringement. That the particular limitation “permitting enlargement of the upper diameter of the member” is important is proven by statements found in the file wrapper of this patent Exhibit 1A. In arguing for the allowance of claims 4, 7 and 8 Wasser stressed the importance of this feature in his device and pointed out how, with this particular limitation, he avoided the references cited by the Patent Office Examiner; Wasser stated at page 26 of said Exhibit 1A:

“Concerning claims 13 (claim 4 in suit) and 14 it was pointed out at the interview that none of the references shows a display device to be applied to a bottle such as employed for milk and which has—the arcuate piece being provided with connecting means which permits enlargement of the upper diameter of the truncated conical member . . .”

In regard to claims 7 and 8 here in suit the same argument was used and is found on page 27 of Exhibit 1A. This argument is found where they discuss claim 16, which is claim 7 in suit, and on page 25 of Exhibit 1A where claim 6, which is claim 8 in suit, is discussed. Claim 11 in suit was added by amendment after claims 4, 7 and 8 were allowed and also contained the limitation. It must be remembered that this limitation was inserted by Wasser at the insistence of the Patent Office and cannot now be disregarded. Plaintiff’s attempt to stretch the claims of this patent recalls the often quoted statement found in the case of *White v. Dunbar* 119 U.S. 47, 30 L. Ed. 303, 305, where it was said:

“Some persons seem to suppose that a claim in a patent is like a nose of wax which may be turned and

twisted in any direction, by merely referring to the specification, so as to make it include something more than, or something different from, what its words express. The context may undoubtedly be resorted to, and often is resorted to, for the purpose of better understanding the meaning of the claim; but not for the purpose of changing it and making it different from what it is. The claim is a statutory requirement, prescribed for the very purpose of making the patentee define precisely what his invention is; and it is unjust to the public, as well as an evasion of the law, to construe it in a manner different from the plain import of its terms. This has been so often expressed in the opinions of this court that it is unnecessary to pursue the subject further.”

A case which supports defendant’s theory, that, when infringement is considered each element of a claim must be found in the alleged infringing device, is that of *Seeger Refrigerator Co. v. Bohn Refrigerator Co.*, 52 F (2d) 416, 417 (8 C.C.A.) where the court there said:

“Furthermore, and this in our opinion is vital, Bolger has a tight joint between the strips along the edges of the door opening and the corresponding strips along the edges of the door. This requirement of a tight joint is found in both claims of Bolger here in suit, and it may be remarked that it is also found in several of the other claims of the Bolger patent. Whether this was a necessary element in the Bolger construction, we need not inquire. It was one of the elements of each of the claims in suit, and being one of the elements, must be considered as essential when infringement is under consideration.”

Then taking up Exhibit 3, Mr. Borden testified and physically demonstrated the following: (R. 226, 227).

“Q. Let’s put it on a bottle.

“Mr. Townsend: Notice that it dropped right over the bottle top without any expansive action at all.

“Mr. Rogers: I take it counsel’s argument will be duly entered on the record.

“Mr. Townsend: Well, you dropped it and it fell of its own weight on that bottle in position.

“Mr. Rogers: To which I make no contention that it does not, of course.

“Q. Will you nestle that on the bottle in the way it properly will go on the bottle in use, fit it down the way it goes?

“A. They just drop them on the bottle, just exactly like that.”

* * *

“Q. Now, this collar, Exhibit 3, on Exhibit H, I want to be sure that is the one you just used.

“A. Correct, that is the one I dropped on the bottle.”

Next taking Exhibit 4, the final device of defendant, alleged to infringe this patent, Mr. Borden testified: (R. 229, 233.)

“Q. Now, I take Exhibit 4, and I will ask that you interlock that exhibit. Have you ever seen these collars put on at the dairies?

“A. Yes, I have.

“Q. Are they closed together in the plant or are they closed together at the dairy?

“A. They are closed together in our plant.

“Q. How are they stacked up?

“A. 500 in a package. Some packages have a thousand and some packages 250.

“Q. One within the other?

“A. They are what we called stacked one within the other. * * *

“Q. It is your position that there is no pivotal action?”

“A. That is correct.

“Q. Do you observe that lower side of this collar moves from a position wherein it is directly—

“A. When that collar is put together properly there is no movement there at all, there is no enlargement of the top. The top remains the same. You can force it, it is only a piece of paper.

“Q. Well, I don't want to force it. I am compelled—

“A. That is what you have been doing.

“Q. I am compelled to ask you then to produce one that is in the condition that it exists when—

* * *

“Q. I will hand you what purports to be a duplicate of Exhibit 4. Let the record show the witness, himself, locked this collar together. Now, it is your position that there is no pivotal movement, whatever, in this collar?”

“A. That's right.

“Q. And no possible enlargement of the upper diameter?”

“A. Right.

“Q. I will let you handle it, I don't want to be—

“A. All right.

“Q. That is never put any farther down on the bottle?”

“A. Just dropped on the bottle.

“Q. Just dropped on the bottle. Suppose you have a large cap on the bottle, for instance a seal cap that covers that, they wouldn't fit over the bottle?”

“A. We would make the necessary size for that particular type of bottle.

“Q. Have you ever done that?”

“A. We have never made any for bottles of that

type. They are not used here, that I know of. They haven't been used by any of the dairies that we have served, anyway. * * *

"Q. All right. Will you close it again?

"A. All right. There, it drops down on the neck of the collar (bottle) and there it remains. * * *

"Q. Now, will you drop it over the bottle?

"Mr. Townsend: Explain what you are doing.

"A. There was nothing took place then, no change in size of the collar there. It remains fairly stationary.

"Q. Just drop it.

"A. All right. Over the top of the bottle, the opening is sufficiently large.

"Mr. Rogers: Q. I will ask you to notice the upper diameter as I gently nestle the collar down onto the shoulder of the bottle. I will ask you whether there is ever any change in that from this position into this position? Is there any change in the upper diameter?

"A. No, there wasn't; it remains exactly the same."

Continuing, at R. 234, Mr. Borden was asked:

"Q. This connection, you say, is immovable, or not?

"A. It is immovable. That is, it doesn't pivot. It can be moved, understand.

"Q. When?

"A. But it doesn't pivot.

"Q. What sort of movement is that?

"A. Taking it apart or forcing it."

Thus we find here substantial evidence to the effect that this limitation of "pivotal action" or, as the claim expresses it, "permitting enlargement of the upper diameter of the member," is not found in the defendant's devices.

To corroborate Mr. Borden we have the clear and understandable testimony of Mr. Roemer. In speaking of Exhibit 5 he testified: (R. 259, 260.)

“A. Taking Exhibit 5, that same swinging movement is impossible. This is the normal position of the collar. With the slit applied, or the tab that extends into the tongue, it is impossible to pivot that. In fact, that would permit enlargement of the pivot. It will swing the other way, but there is no occasion to swing it the other way. That is the way the device is placed together. Once it gets to the normal position of rest there is no pivotal movement, because this end portion engages against the bottom of the slit and positively prohibits any pivotal movement.

“Q. In other words, the two ends of the slit form stops—

“The Court: Would you say that was the normal position?

“A. That is the normal position, yes.

“Mr. Townsend: That is clear, your Honor?

“The Court: Yes.

On cross examination Mr. Roemer was questioned on the possible enlargement of the upper diameter of Exhibits 3, 4 and 5 and he testified: (R. 301, 302.)

“Q. 3, 4 and 5, I want to ask you, whether it is your position that the connecting means of these particular exhibits do not have the function of holding the strip in the form of a truncated cone and to permit the enlargement of the upper diameter?

“A. They have the first function.

“Q. They hold it in the form of a truncated position but it is your position they do not—

“A. Just a moment. According to the question, that question was rather misleading, I mean you had me confused. To answer you accurately, the connect-

ing means has nothing to do with the enlargement of the upper diameter, and the words you read taken from the claim of the patent mean that the connecting means is so formed that it permits the enlargement of the upper end. You may find it bulging and stretching, I think in one way or another, that the upper end may be enlarged, but there are other connecting means which permit the enlargement of the upper end. Any paper article such as this may be enlarged in any dimension by being bulged or pulled out of shape.

“Q. That is partly true, but paper does not stretch, does it?

“A. Very little.

“Q. Well, practically nothing?

“A. No, it may be deformed.

“The Court: Do you know what I had in mind? I was thinking if this strip was made of steel what would the result be?

“Mr. Kingsland: You mean as to whether it would fit over?

“The Court: As to whether or not it would enlarge.

“Mr. Kingsland: It would enlarge on account of the connection.

“The Court: Is it fair to say that?

“Mr. Kingsland: Is that true?

“The Witness: Indeed not. It would not enlarge on account of the connection.

“Q. Let's assume a piece of steel—

“A. Yes. I am assuming a thin piece of steel like sheet metal.

“The Court: Yes.

“Mr. Kingsland: Yes.

“A. That would not enlarge on account of the connection. It will not enlarge now any more that it would enlarge if I glued the ends of it together.

Just take that and put glue under here and close it together and that will not enlarge any more than it does right now.”

As the 8th Circuit Court of Appeals recently said in *Smith v. Mid-Continent Inv. Co.*, 106 Fed. (2d) 622, 626:

“In construing these revelations and claims, we must view them with the knowledge of one skilled in the art—such knowledge to be found in the evidence and in such common experience as courts may judicially notice.”

The testimony we have reproduced hereinabove shows conclusively, it is urged, that at least this one element of the claims relied on in Wasser patent No. 1,829,915 is missing from each of defendant’s structures charged to infringe, and that there is no equivalent for this element in defendant’s devices. For this reason alone, if for no other, defendant’s structures cannot be found to infringe this patent, even if the claims thereof are valid.

We refer the court to the recent case of *Simons v. Davidson Brick Co.*, 106 F. (2d) 518, where Judge Wilbur, speaking for this court, stated, at page 522:

“If we regard appellant’s patent as a novel and patentable combination, a construction which omits one of the elements claimed as a part of the combination and does not supply an equivalent, does not infringe.”

ALLEGED INFRINGEMENT OF PATENT No. 1,999,011

Plaintiff charges that Exhibits 21 and 22, depicting defendant’s devices, infringe claim 3, the only claim relied on in Wasser patent No. 1,999,011. Exhibits 21 and 22

embody a peculiar "X"-shaped slot and tabs. Here, as in connection with the other Wasser patent plaintiff chooses completely to ignore the language of claim 3, and ignores the limitations found in that claim.

An analysis of this claim shows:

"A display device for application to a bottle having a cylindrical body portion, a tapered neck, and an enlarged top flange, said device comprising

1. "an arcuate piece of pliable material adapted to be formed into a truncated cone by overlapping the ends and having
 - a) "a lower diameter approximately equal to the body portion of the bottle and
 - b) "an upper diameter approximately equal to the top flange of the bottle,
 - c) "the wall of the cone being so shaped that when the lower edge of the device is concentric with the longitudinal axis of the bottle portions the upper edge of the device will be located different distances from said axis, and
2. "means for immovably connecting the overlapping ends of the piece of material."

In the first place, considering the history of plaintiff's application for this patent before the Patent Office and the fact that this application was not filed until August, 1933, years after the applications for the Canadian as well as the other Wasser United States Letters Patent in suit had been filed, an examination of Exhibits 21 and 22 shows that they do not possess the essential characteristics called for by claim 3 of Wasser Patent 1,999,011.

The court will observe by examination thereof that neither Exhibit 21 or 22 possesses any of the following

structure, each of which represents an element of the claim in suit:

1. "an arcuate piece of pliable material"; nor
2. "a lower diameter approximately equal to the body portion of the bottle"; nor
3. "the lower edge of the device is concentric with the longitudinal axis of the bottle"; nor are
4. the ends "immovably connecting the overlapping ends."

In regard Exhibits 21 and 22 Mr. Roemer was asked: (R. 263, 264.)

"Q. * * * Do those devices of the defendant possess a lower edge which is concentric with the longitudinal axis of the bottle?

"A. They do not. I would like to explain that, because I think that the terminology of the patent is a little bit confusing. Longitudinal axis of the bottle may (be) too general; as a line that runs directly through the center of the bottle in a vertical direction as the bottle stands in its normal position. If we draw a perfect circle around the outside of this bottle any place on a horizontal plane, any point on that circle would be exactly the same * * *. It is impossible for collars formed in the manner of Exhibits 21 and 22 to have the bottom edge concentric with the longitudinal axis of the bottle, because it is impossible to place those collars on there in such a manner that their bottom edge is on a horizontal plane. In their normal position on the bottle their bottom edge slants somewhat; not only does it slant, but it has an irregular contour, so that the question of concentricity is not conceivable in connection with the bottle collar designed in the manner of these collars."

Mr. Borden testified to the same effect (R. 204, 205), that this device could not come under claim 4 or any other relied upon claim of patent 1,829,915 or under claim 3 of 1,999,011.

Mr. Roemer in this respect, at R. 282, 283, stated, in regard to Exhibit V, the following:

“A. This Exhibit V has an eyelet of the type that is used in the Swiss patent; the member 8 of the Swiss patent is apparently substantially the same as—that was, it is a little eyelet used in Exhibit V.

“Q. If you omitted the little staple that appears here on this exhibit, Defendant’s Exhibit V, then how would the two parts operate as compared with the Swiss patent; can you just explain that?

“A. Omitting that little staple, and I might say if the dial were taken off here, the circular fit, you would have something that would be in general appearance and function identical with that of the Swiss patent.

“Q. Leaving the dial on as it is, and leaving off the staple, would you have pivotal action that would correspond, or would you not have one that would correspond to—

“A. Without the staple this will pivot in exactly the same manner as the Swiss patent.”

The plaintiff in its brief, at pages 39 and 40, argues that the words “immovably connecting the overlapping ends,” found in claim 3 of Wasser No. 1,999,011, means only that the ends of the collar cannot pivot. Plaintiff denies that “immovably connecting” means permanently connecting the overlapping ends. This, indeed, seems strange in the light of certain statements found in the file wrapper of Wasser No. 1,999,011, Exhibit 2A. Evidently

plaintiff has completely forgotten certain pertinent remarks made by Wasser during the prosecution of this application. The first claims presented to the Patent Office on the filing of the application for this patent were broader than the ones finally allowed. They merely specified "means for fastening together said overlapping ends" (Claim 1), and "means fastening and holding together said overlapping ends" (Claims 2 and 3). The Patent Office objected to this broad language and required Wasser to limit his claims by changing the above-quoted language to "means for immovably connecting the overlapping ends."

Wasser, in his effort to have his application allowed over the patents to Spellman and Huber cited against him, presented the following argument to the Patent Office:

"The references, and particularly the patents to Spellman and Huber, fail to disclose this idea of permanently fastening the ends in relatively fixed relationship." (Exhibit 2A, page 22.)

A further argument presented in support of the relied upon claim 3 of Wasser No. 1,999,011 appears on page 27 of Wasser file wrapper Exhibit 2A, and it says that applicant's device comprises a display device "with means for **permanently and immovably** holding together the overlapping ends of the strip when the latter is shaped into a cone."

Also on page 27 of this exhibit Wasser, in attempting to overcome the Spellman patent, states in regard to Spellman:

"The overlapped ends of the strip are not permanently fastened and immovably held."

From these statements found in this file wrapper, we submit that this court must limit this "paper patent" to a device that has the ends thereof "permanently held and immovably connected"; therefore, Exhibits 21 and 22 cannot possibly infringe claim 3 of this patent for Wasser is estopped from enlarging the scope of this claim.

LAW DEMONSTRATING NON - INFRINGEMENT OF DEFENDANT'S DEVICES

Where, as in this case, the prior art discloses every feature of a later device, the rule is well established that, regardless of the language of the claims in suit, they must be narrowly construed and limited precisely to what is shown, described and claimed in the patent.

We will refer to a few of the numerous decisions of this court on this point.

In *Broadway Towel Supply Co., et al, v. Brown-Meyer Co.*, 245 Fed. 659, the patent in suit was for a towel holder, and included as one element:

"* * * means for detachably securing both ends of the retaining member together."

Literally, this claim read on defendant's device; but Judge Gilbert ruled:

"The appellee cannot avail itself of the doctrine of equivalents, where one element of its combination is so far departed from as it is in the appellant's device. The term 'mechanical equivalent,' when applied to a slight improvement in the progress of an art, has a very narrow and limited meaning. In *Literman's Ex'rs. v. Ruwell* (C.C.) 165 Fed. 208, Judge McPherson said:

'Where an improvement is narrow in its character, the inventor is ordinarily confined to his

specific device and receives little aid from the doctrine of equivalents. If he depends on a single limited feature (as is the case here), the doctrine will not ordinarily be applied, so as to cover a device in which that features does not appear.’

“Cases of similar import are *Noonan v. Chester Park Athletic Club Co.*, 99 Fed. 90, 39 C.C.A. 426; *Wright & Colton Wire Cloth Co. v. Clinton Wire Cloth Co.*, 67 Fed. 790, 14 C. C. A. 646; *Hill v. Sawyer* (C.C.), 31 Fed. 282; *Dey Time Register Co. v. Syracuse Time Register Co.*, 161 Fed. 111, 88 C.C.A. 275. If it were held that attaching the lower end of the chain to a basket is the equivalent of the specific means pointed out in the appellee’s combination, it would follow that attaching it to any article of furniture, or to the wall, as in the Reid patent, would also be a mechanical equivalent. Brown made claims broad enough to include such means of attaching the lower end of the chain, but in view of the prior art they were rejected by the Patent Office.

“A claim cannot be so construed as to cover what was rejected by the Patent Office in the application for the patent. *Knapp v. Morss*, 150 U.S. 221, 14 Sup. Ct. 81, 37 L. Ed. 1059. In *Cleveland Pneumatic Tool Co. v. Chicago Pneumatic Tool Co.*, 135 Fed. 783, 68 C.C.A. 485, it was said:

“ ‘A device which, if existent before the making of a patented invention, would not anticipate it, cannot, if made after the issue of the patent, be said to infringe it.’ ” (Page 661.)

In *Stebler v. Porterville Citrus Ass’n.*, 248 Fed. 927, the patent was for a fruit-grader. Defendant’s device, while accomplishing similar results, differed somewhat in construction, and Judge Morrow ruled:

“While the same result is accomplished in the defendant’s machine as in the complainant’s, there appears to be such a variation of means as to avoid infringement in the features complained of. *Cimiotti Unhairing Co. v. American Fur Ref. Co.*, 198 U.S. 399, 25 Sup. Ct. 697, 49 L. Ed. 1100.”

As was said by this court in *Hauser v. Simplex Window Co.*, 10 F (2d) 457, 460:

“The art is quite old, and it was to avoid references that the applicant limited the claim to a structure with a friction shoe contiguous to the corner of the sash; and, having limited his claim in order to obtain his patent, he is not now in a position to claim a construction that he might have had if limitations and restrictions were not in the claims. *Computing Scale Co. v. Automatic Scale Co.*, 27 S. Ct. 307, 204 U.S. 609, 51 L. Ed. 645; *Fullerton Walnut Growers’ Assn. v. Anderson-Barngrover Mfg. Co.*, 166 F. 443, 92 C.C.A. 295; *Selectasine Patents v. Prest-o-graph Co.* (C.C.A.) 282 F. 223.”

In *Supreme Mfg. Corp. v. Security Mfg. Co.*, 229 Fed. 65, the patent sued upon contained broad claims on the idea of fastening a shackle around the wheel of a vehicle, such shackle having spikes to mark a trail. Judge Gilbert, speaking for the court, pointed out that somewhat similar devices had been used before as chocks for preventing rotation of a wheel, and said (page 70):

“In brief, in view of the prior art, the Chapman invention is a very narrow one, and the appellee must be held substantially to the precise form in which the invention is presented. The appellant’s device, while it fits the tire, does not fit or conform to the felly, nor is it in contact with the felly, except at the point where the lock, which encircles the spoke, rests

upon the inner surface of the felly. The device depends upon its attachment to the spoke and its contact with the tire to prevent its lateral turning.”

It is important to note that the limitations referred to by Judge Gilbert were not specifically mentioned in the claims sued upon, but the court ruled that in view of the state of the prior art such limitations must be read into the claims in construing and applying the same.

Courts have long been reluctant to broaden the scope of patents so that they cover more than the Patent Office meant to grant. Even Westinghouse’s patent on the air brake, which was classed as a pioneer patent, was not given a broad interpretation. In finding non-infringement of a similar device, the Supreme Court, in the case of *Westinghouse v. Boyden*, 170 U.S. 537, 42 L. Ed. 1136, 1148 said:

“But, after all, even if the patent for a machine be a pioneer, the alleged infringer must have done something more than reach the same result. He must have reached it by substantially the same or similar means, or the rule that the function of a machine can not be patented is of no practical value. To say that the patentee of a pioneer invention for a new mechanism is entitled to every mechanical device which produces the same result is to hold, in other language, that he is entitled to patent his function. Mere variations of form may be disregarded, but the substance of the invention must be there. As was said in *Burr v. Duryee*, 68 U.S. 1 Wall. 531, 573 (17:650, 659), an infringement ‘is a copy of the thing described in the specification of the patentee, either without variation, or with such variations as are consistent with its being in substance the same thing.

If the invention of the patentee be a machine, it will be infringed by a machine which incorporates in its structure and operation the substance of the invention; that is, by an arrangement of mechanism which performs the same service or produces the same effect in the same way, or substantially the same way.' 'That two machines produce the same effect will not justify the assertion that they are substantially the same, or that the devices used by one are therefore mere equivalents for those on the other'."

PLAINTIFF'S ALLEGED COMMERCIAL SUCCESS

The plaintiff, during the course of the trial and in its opening brief before this Court, stated that its bottle collars had achieved substantial commercial success.

This fact is difficult to believe when we consider that there are millions of milk bottles delivered daily throughout this country, and that, during the ten or twelve years since the alleged invention resulting in the patents in suit, there have been only a comparatively small number of bottle collars sold. Based on an estimate that there must be 30,000,000 bottles of milk delivered daily, plaintiff's estimate (R. 129), of its sales equal only 990,000 daily or an insignificant 3% of the market.

Mr. Neher, president of Neher - Whitehead & Company, plaintiff's exclusive licensee, admitted that, out of a possible 868 prospects in the state of California, his firm had been able to sell bottle collars to only 163 during the entire past ten years (R. 148). This certainly does not fulfill plaintiff's boast that this device has been universally accepted by the dairy industry. Even the testimony

of the plaintiff's own witnesses showed that the bottle hanger (not to be confused with plaintiff's "bottle collar") was still employed extensively by dairies. Mr. Morrison H. Stewart, a former employee of the Golden State Company, Ltd. (R. 110), testified that during a three-year period just after the so-called widespread acceptability and adoption of this so-called bottle collar, the Golden State Company, Ltd., used only a matter of 800,000 bottle hangers in all (R. 112).

Thus the alleged great commercial success of the bottle collars was not recognized by at least one large dairy company; neither were their novelty and utility recognized in the manner in which plaintiff would like us to believe. This large company may be considered representative of the entire industry. Further, the fact that the Golden State Company used 800,000 bottle hangers over this three-year period would indicate that these hangers were not the failure plaintiff contends they were. Plaintiff's witness, Neher, had to admit that, even at the present time, the Borden Milk Company, operating in this state, uses flat hangers (R. 149).

The plaintiff, in establishing its claim to commercial success, relies to a great extent on the number of consent decrees they have taken. As was said by Judge Cushman of the Washington District Court in the case of *National Paint Removing Co. of Washington v. Cochran, et al*, 287 Fed. 376:

“ ‘Judgments and decrees entered by consent pursuant to a compromise between the parties in patent cases do not establish the validity of patents involved.’ ” (Citing cases.)

The plaintiff in its brief represents that devices have been made under Letters Patent No. 1,999,011, stating that the commercial acceptability of this patent was established in the case of *Pevely Dairy Co. v. Tucker*, in New York, where a consent decree was entered as to patent No. 1,999,011. The plaintiff, at page 30 of its brief, has the following to say about this case:

“The Golden State, Manhard and Rusling Wood cases were on patent No. 1,892,915. The Tucker case was on patent No. 1,999,011. Thus bottle collars have been made commercially under both patents.”

To the contrary, we direct the court’s attention to the testimony of plaintiff’s witness, Neher, at R. 146, wherein the following appears:

“Mr. Townsend: Refer to the figure when you say ‘this’; Fig. 1 of 1999?”

“A. No, we haven’t put out this.

“Q. Have you ever put out anything like appears on 1999? I don’t want to confuse you, Mr. Neher.

“A. No.

“Q. But you understand that 1999 is where the ends are brought together and glued or double-seamed, or stapled?”

“A. Yes.”

Thus we see that this fallacious conclusion of plaintiff’s counsel respecting the consent decree in the Tucker case is entirely erroneous, and that patent No. 1,999,011 must be classed merely as a “**paper patent**” and must be so limited and restricted.

The law restricting construction and enforcement of “paper patents” is well established; see, for example

Walker on Patents, 6th Ed., Sec. 233, Page 319, where it is stated:

“* * * when no practical use has been made of the patents the claims will be narrowly construed, * * *.”
(See also cases cited in *Walker*, Note 254.)

This court, in the case of *Wire Tie Machinery Co. v. Pacific Box Corp.*, 102 F (2d) 543, 556, in speaking of the narrow interpretation to be given “paper patents,” said:

“The trial court found that the Parker patent ‘259 is shown not to have been utilized or placed on the market, but is still a ‘paper patent’ and as such is limited to a narrow construction.”

And in *Electro-Dynamic Co. v. U. S. Light & Heat Corp.*, 278 F. 80 (2 C.C.A.), the court said, at page 85:

“We find it true that no practical use has been made of this invention during the 13 years that have elapsed since specification filed. We continue to agree with the doctrine of Putnam, C.J., in *Boston, etc., Co., v. Pennsylvania, etc., Co.*, 164 Fed. 557, 90 C.C.A. 84, as to the narrowness of interpretation to be awarded ‘paper patents’; * * *.”

In any event the record of this case shows absolutely no commercialization by plaintiff herein of bottle collars made in accordance with the disclosures of the Wasser patents in suit. The small degree of commercialization that has taken place has been by Neher-Whitehead & Company, a stranger to this action.

Thus we see that when this old matter of alleged commercial success is boiled down to the bare facts, first, instead of the plaintiff having a device which was univer-

sally accepted by the dairy industry throughout the United States, plaintiff has one on which it has worked ten long years to secure commercial recognition, yet plaintiff still finds that the number of dairies which have adopted its bottle collar is so small as to be infinitesimal. Secondly, plaintiff is continually competing with the traditional bottle hanger that has been known to the dairy industry for many years prior to Wasser's alleged inventions. Third, it is obvious that the bottle collars of plaintiff did not even supplant the old bottle hangers; and lastly, plaintiff, through the testimony of its own witness, admits that one of its patents here on appeal can claim nothing by way of commercialization since no bottle collars made in accordance with the disclosure of this patent have ever been attempted, either by plaintiff or by its exclusive licensee.

The argument of plaintiff for commercial success of their device is met by a statement found in the case of *Celite Corporation v. Dicalite Co.*, 96 F (2d) 242, 249 wherein Judge Wilbur said:

“We have not overlooked appellant's argument in regard to the weight to be given the commercial success of a patented invention in determining the validity of the patent. This cannot overcome clear lack of novelty and invention. *Thropp's Sons Co. v. Seiberling*, 264 U.S. 320, 330, 44 S. Ct. 346, 350, 68 L. Ed. 708; *Duer v. Corbin Cabinet Lock Co.*, 149 U.S. 216, 224, 13 S. Ct. 850, 37 L. Ed. 707; *Lovell Mfg. Co. v. Cary*, 147 U.S. 623, 635, 13 S Ct. 472, 37 L. Ed. 307, *supra*.”

**EFFECT OF PLAINTIFF'S FAILURE TO APPEAL
HOLDING OF INVALIDITY OF WASSER No. 1,923,856**

It is interesting to note that plaintiff has taken no appeal from the holding of invalidity of the Wasser patent No. 1,923,856. Of course Wasser patent No. 1,923,856 was also on a bottle collar; there being only a change of degree in the device covered by this patent over the two other Wasser patents. Similarly, we submit, Wasser patent No. 1,829,915 is merely a change of degree over the prior art, and Wasser patent No. 1,999,011 is merely a change of degree over the prior art and Wasser patents Nos. 1,829,915 and 1,923,856. Plaintiff, for all practical purposes, recognized and admitted this fatal fault in Wasser patent No. 1,923,856, by accepting the holding of invalidity. It is evident that the same fault exists in regard to the two remaining Wasser patents still before this court, therefore by the same token they, too, are invalid.

PLAINTIFF'S BRIEF

We feel that, in discussing the many phases of this case in this brief, we have answered most of the points raised by plaintiff's opening brief. There are, however, a few points we would like to discuss, particularly the so-called "public acquiescence" and the so-called *Pevely v. Wolf* action in the U. S. D. C. at Cleveland, Ohio.

PEVELY v. WOLF ENVELOPE CO.

With regard to the case of *Pevely Dairy Co. v. Wolf Envelope Company*, the much-discussed Cleveland case,

we must state that the proceedings of that case have no place in the record of this action, and the argument presented by plaintiff is likewise out of place. That court did not have the present record before it; neither was the same art introduced. In considering this Cleveland case, we must keep in mind that the Court narrowly construed the Wasser patent there in suit, and held certain devices manufactured by the Wolf Company not to infringe.

This fact of a finding at Cleveland of non-infringement of certain structures is very carefully hidden by plaintiff while it flaunts this decision. It was not until inquiry was made of plaintiff's counsel that it was admitted on the record that certain of the Wolf collars in the Cleveland case were held not to infringe (R. 241). A specimen of the non-infringing collar is in evidence as Exhibit 14 and compares directly with defendant's structure here.

It is seen, therefore that the hue and cry of plaintiff regarding the importance of the Cleveland case should be deflated and discounted, particularly when all the facts are known. In the long run, how can the decision in the Cleveland case have any bearing on the present case? Here we have different parties, different structures, different and more complete art cited, a different record, and different facts. It is small wonder that Judge Roche in the instant action came to a different conclusion with relation to the validity of the Wasser patents.

PUBLIC ACQUIESCENCE

The plaintiff lays a great deal of stress on the fact that it has secured a number of consent decrees (Plaintiff's

Brief, page 30), and attempts to maintain that this indicates public acquiescence. In almost every instance, these prior suits have been against small concerns who could not afford to defend a patent suit.

An example of this is plaintiff's action in the Northern District of California, Southern Division, where plaintiff sued a man named Manhard and the Golden State Company. Mr. Borden's testimony (R. 212, 213) showed that Manhard was a small operator without even a shop of his own. Plaintiff went after Manhard and secured a consent decree. But plaintiff did not seek or obtain a consent decree or any other kind of decree, for that matter, against the powerful Golden State Company, rather, it agreed to dismiss the suit without prejudice, the record containing only a statement by plaintiff's counsel setting forth nebulous reasons for the dismissal. Plaintiff evidently did not dare tackle a company the size of Golden State, or the result occurring in the decision of the trial court here would have then and there occurred. From the record of this case (R. 195) it appears that Golden State Company continues with impunity to purchase bottle collars where it pleases and without fear of reprisal from plaintiff. Such open and notorious disregard of a patent does not support any great *prima facie* presumption of validity or the purported belief of plaintiff in its patents.

Consent decrees have long been frowned upon by the courts when an attempt is made to establish validity and acquiescence from them. We feel that a quotation from one of the many cases on this point will suffice to show the rule:

“Plaintiff contends, however, that the ready commercial success of the new case model and the wide-

spread adoption of the device by competitors is evidence of validity. It further offers various consent decrees against competitors, some of whom testified in the present case. While commercial success often has an important bearing on the question of invention, it is of course far from conclusive. * * *

“Moreover, the consent decrees are not convincing. The three defendants were apparently small companies; the decrees were entered in the same District Court in this circuit, subsequent to and pending this appeal. As pointed out in *John E. Thropp’s Sons Co. v. Seiberling*, 264 U.S. 320, 329, 330, 44 S. Ct. 346, 68 L. Ed. 708, the purchase of peace, when it is known that the patentee or assignee will have to proceed against a large competitor, is often a wise course for the small manufacturer . . .” *Kay Jewelry Co. v. Gruen National Watch Case Co.* 40 F. (2d) 600, 604.

PLAINTIFF HAS FAILED TO JOIN A NECESSARY AND INDISPENSABLE PARTY

The complaint filed by plaintiff herein is fatally defective because Neher - Whitehead & Company, plaintiff’s exclusive licensee, has not been joined as a party plaintiff.

The Ninth Circuit Court in the case of *Chicago M., St. P. & P. R. Co. v. Adams County, et al*, 72 F. (2d) 816, 818, has defined an indispensable party as follows:

“* * * Persons who not only have an interest in the controversy, but an interest of such a nature that a final decree cannot be made without either affecting that interest, or leaving the controversy in such a condition that its final termination may be wholly inconsistent with equity and good conscience’.”

An examination of the record of this case shows that a final decree cannot be entered without affecting the interest of Neher-Whitehead & Company. In the first place, the record discloses that this entire controversy was incited by Neher-Whitehead & Company. Many of the threats of suit were sent by this company, and Mr. Neher personally called on the defendant and threatened suit (R. 189). Mr. Neher was also the witness relied upon by plaintiff at the trial of this cause to establish its case. Neher-Whitehead & Company also threatened customers of defendant (R. 195 and Exhibit U).

The pleadings of the case are silent as to the existence of this exclusive license and it was uncovered on the first day of the trial. After demand plaintiff reluctantly produced the license agreement.

An examination of the license agreement (Exhibit L) shows that the device covered by the patents is continually referred to as "an advertising device known as the 'Milk Bottle Lamp Shade'." This is particularly interesting when it is known that the "Lamp Shade" patent to Spellman, known at the date of the license, is now found to anticipate these patents so licensed.

The exclusive license is for ten years and gives to Neher-Whitehead & Company the right:

"* * * to manufacture or to have manufactured, and to sell the above patent device 'MILK BOTTLE LAMP SHADES' within the United States and its possessions, and in other foreign countries, excepting Great Britain and Canada, to anyone purchasing or requiring 'MILK BOTTLE LAMP SHADES' for use on bottles of any and every kind and character."

The right to "make and sell" in this instance necessarily includes the right to "use."

Adams v. Burks 17 Wall. 453 21 L. Ed. 700.

Paragraph (6) of the license agreement permits Pevely Dairy Company to manufacture and to have manufactured "Milk Bottle Lamp Shades" necessary for its own use. However, Mr. Neher testified that plaintiff purchases the collars it uses from Neher-Whitehead & Company (R. 154). This clause of the contract does not effect the exclusive character of the license agreement, we submit.

It is established law that an exclusive licensee of the right to make, sell and use the invention of a patent is in contemplation of law, an assignee of the patent and is therefore an indispensable party.

"The patentee or his assigns may, by instrument in writing, assign, grant and convey, either, 1st, the whole patent, comprising the exclusive right to make, use and vend the invention throughout the United States; or, 2d, an undivided part or share of that exclusive right; or 3d, the **exclusive right** under the patent within and throughout a specified part of the United States. Rev. Stat. Section 4898. A transfer of either of these three kinds of interests is an assignment, properly speaking, and vests in the assignee a title in so much of the patent itself, with a right to sue infringers; in the second case, jointly with the assignor; in the first and third cases, in the name of the assignee alone. * * * Any rights of the licensee must be enforced through or in the name of the owner of the patent, and perhaps, if necessary to protect the rights of all parties, **joining the licensee with him as a plaintiff**. Rev. Stat. Section 4921. *Littlefield v. Ferry*, 21 Wall. 205, 223; *Paper Bag Cases*,

105 U.S. 766, 771; *Birdsell v. Shaliol*, 112 U.S. 485-487. And see *Renard v. Levinstein*, 2 Hem. & M. 628.

“Whether a transfer of a particular right or interest under a patent is an assignment of a license does not depend upon the name by which it calls itself, but upon the legal effect of its provisions.” (*Waterman v. Mackenzie*, 138 U.S. 252, 255, 256. 34 L. Ed. 923.)

A similar case with the instant one and decided by the Seventh Circuit Court of Appeals is the case of *Green v. LeClair*, 24 Fed. (2d) 74, where the court followed the *Waterman v. Mackenzie* decision *supra* and, in reviewing the cases on the subject, held that the granting of an exclusive license was, in effect, an assignment of the patent, and that the absence of the exclusive licensee was fatal to the action.

In that case LeClair was the holder of the naked legal title: he sued defendant Green for infringement, but failed to join his exclusive licensee, Sauerman. The defendant objected to the non-joinder of the said exclusive licensee on the ground that the license agreement was, in effect, an assignment of the patent and that, therefore, the title holder could not sue in his own name for infringement occurring after the assignment; in other words, that the exclusive licensee was an indispensable party to the action.

The court upheld the defendant-appellant's contention in the action, decreeing that the exclusive licensee was an indispensable party.

At page 76 that court quoted from *Robinson on Patents*, stating:

“The character of a conveyance, as thus determined by its subject matter, cannot be varied by the

terms and conditions upon which the transfer has been made. These belong to the contract in pursuance of which the transfer was effected, not to the nature of the transfer itself. The parties may annex such qualifications to the conveyance and impose such obligations upon themselves in reference to their respective rights, as they may deem expedient—if the instrument transfers any interest in the invention which carries the monopoly, it is an assignment or grant, but otherwise is a license. Thus, though they should provide that the consideration for the transfer shall be paid by the alienee to the alienor in the form of periodic royalties, or that the title of the alienee shall become forfeited by breach of certain specified conditions—provisions which are generally annexed only to licenses—the conveyance will be none the less an assignment or a grant, if in its subject matter it embraces any interest in the monopoly.’”

And said the court (page 77):

“There is no question but that the instrument executed by LeClair and Sauerman, whatever the effect attributed to the provisions discussed in this opinion, conferred on Sauerman an unqualified monopoly in the patent throughout the forty-three states not named in the agreement, and therefore LeClair was without capacity to bring this suit in his own name.”

An analogous case but where an exclusive licensee sought to sue without joining his licensor, the holder of the naked title, is that of *Dooley Improvements, Inc. v. Motor Improvements, Inc., et al*, 1 Fed. Supp. 641 (affirmed 66 Fed. [2d] 553, 3 C.C.A.).

In that case the court held that both should join as "owners of the patent." At page 642 the court inquired:

"Who are the owners of the Sweetland patents? In the license between the defendants, Sweetland retained legal title to the patents and continued owner thereof. * * * I conclude that both defendants are owners of the Sweetland patents."

And continues the court:

"Section 4918 requires suit to be brought 'against the owners of the interfering patent.' Under such a provision all owners are indispensable parties. Sweetland, one of the two owners and an indispensable party, is not before the court. The broad equitable principle that a court of equity cannot make a final decree in the absence of an indispensable party applies to this case. Since Sweetland is an owner of the interfering patents and is not before the court, it is unnecessary to consider service by notice or the suggestion that this proceeding is quasi in rem."

It can thus be seen by this decision that an exclusive licensee is a joint owner of the patents under which he is licensed.

In comparing the above authorities and applying the rules of law there expressed to present facts, we find that Neher-Whitehead & Company is the exclusive licensee of Pevely Dairy Company under the Wasser patents and therefore, we submit, Neher-Whitehead & Company is an "indispensable party" to this action and the failure of plaintiff to join them in this action was a defect that was fatal and the complaint herein should be dismissed with prejudice for this reason if for no other.

CONCLUSION

It is submitted that the decree of the trial court should be sustained upon the following grounds:

1. The two Wasser patents are anticipated by the prior art.

2. Even if valid the Wasser patents here in suit are not infringed by defendant's devices.

3. The complaint should be dismissed for failure of plaintiff to join Neher Whitehead & Company an indispensable party.

Dated, San Francisco, California,
June 23rd, 1941.

Respectfully submitted,

HACKLEY & HURSH,

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Jack E. Hursh.